

Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 03498 201322Z

45

ACTION EB-11

INFO OCT-01 EUR-25 NEA-14 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 FEAE-00 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 IO-14

PA-04 PRS-01 USIA-15 DRC-01 OPIC-12 /217 W

----- 126623

R 201301Z AUG 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 0606

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

USMISSION EC BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY LONDON

USMISSION OECD PARIS

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 3498

DEPARTMENT PASS CIEP AND TREASURY

DEPARTMENT PASS OTHER ADDRESSEES AS REQUIRED

E.O. 11652: GDS

TAGS: EINV ENRG KU

SUBJ: CIEP STUDY ON FOREIGN DIRECT INVESTMENT

REF: STATE 178868

1. FOR BEST RECENT DISCUSSION OF GOK INVESTMENT POLICIES CIEP SHOULD REVIEW SUPPLEMENT TO JUNE 21, 1974 ISSUE OF MIDDLE EAST ECONOMIC SURVEY (VOL XVII, NUMBER 35) WHICH AVAILABLE IN DEPARTMENT NEA/ARP. SUPPLEMENT CONTAINS STATEMENT BY MINISTER FINANCE AND OIL ATEEQI TO PARLIAMENT IN REPLY TO QUESTIONS RE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUWAIT 03498 201322Z

GOK POLICIES.

2. RE QUESTIONS IN PARA 1 REFTTEL, QUESTIONS A AND B-1 DO NOT APPLY TO KUWAIT. IN GENERAL GOK AND KUWAITI PRIVATE AND INSTITUTIONAL INVESTORS CAN BE EXPECTED TO REACT FAVORABLY TO EFFORTS TO PROMOTE INVESTMENT (B-2-1), DEPENDING, OF COURSE, ON WHAT SPECIFIC STEPS WERE. REMARKS OF OFFICIALS AND BUSINESSMEN HERE MAKE US BELIEVE THEY WOULD RESPOND POSITIVELY TO FAVORABLE INTEREST RATE OR TAX CHANGES OR TO STEPS WHICH WOULD ASSURE SAFETY AND/OR VALUE OF INVESTMENTS. MOVES TO IMPOSE RESTRICTIONS (B-2-2) LIKELY AROUSE SUSPICIONS THAT INVESTMENTS IN US WOULD BE SUBJECT TO POLITICAL MOODS AND THEREFORE NOT AS SAFE OR STABLE AS KUWAITIS WOULD REQUIRE.

3. RE QUESTION C, KUWAITI OIL PRODUCTION AND PRICING POLICY BASED LARGELY ON DOMESTIC POLITICAL AND ECONOMIC CONSIDERATIONS. AS LONG AS THERE IS SIGNIFICANT CONCERN OVER RAPID DEPLETION OF KUWAIT OIL RESERVES, PRODUCTION LIMITATIONS OF SOME SORT ARE LIKELY. MOREOVER, AS LONG AS GOK FEELS NEED TO BUILD FINANCIAL RESERVES AS HEDGE AGAINST FUTURE, IT WILL WANT TO GET HIGHEST PRICE POSSIBLE FOR ITS OIL. ONLY IF USG MOVES EFFECTIVELY TO SOMEHOW INSTITUTE CREDIBLE MEASURES OR DEVICES TO PROTECT VALUE OF INVESTMENT AGAINST INFLATION, DEVALUATION OR THE LIKE IS THERE POSSIBILITY THAT STEPS MIGHT RPT MIGHT ENCOURAGE EITHER GREATER PRODUCTION OR, LESS LIKELY, LOWER PRICE.
STOLTZFUS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PETROLEUM PRODUCTION, FOREIGN INVESTMENTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KUWAIT03498
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740229-0237
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740834/aaaabcrf.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 178868
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2002 by shawdg>; APPROVED <26 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIEP STUDY ON FOREIGN DIRECT INVESTMENT
TAGS: EINV, ENRG, KU, US, OPEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005